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FY 2016/17 Budget Workshop

May 20, 2016

City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

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Authorizations are not required; we do ask:

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Consensus

As to the FY 16/17
proposed budget

Direction

- To undertake evaluations in certain revenue and cost areas of the business

The FY 16/17 budget aims to accomplish several objectives

Take steps towards financial stability to be able to continue delivery of high quality services to the community

Begin linking budget to strategy

Provide a spending plan and accountability measurement for departments

Address grants challenges (over burdened salary allocations); make salary distributions proportionate to deliverables

Measure progress, control spending and predict cash flow needs

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What's not in this budget . . .

POA increases (salary and benefit determinations)

Marijuana dispensary revenue and cost impacts

Rolling stock purchases nixed (absent replacement justification, conformity with policy, use)

Any portion of departments' budgets labeled "various" or miscellaneous"

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FY 16/17 All Funds Summary

***General, Special, Internal, Enterprise and
Fiduciary Funds***

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All Funds Revenues: FY 15/16 Performance

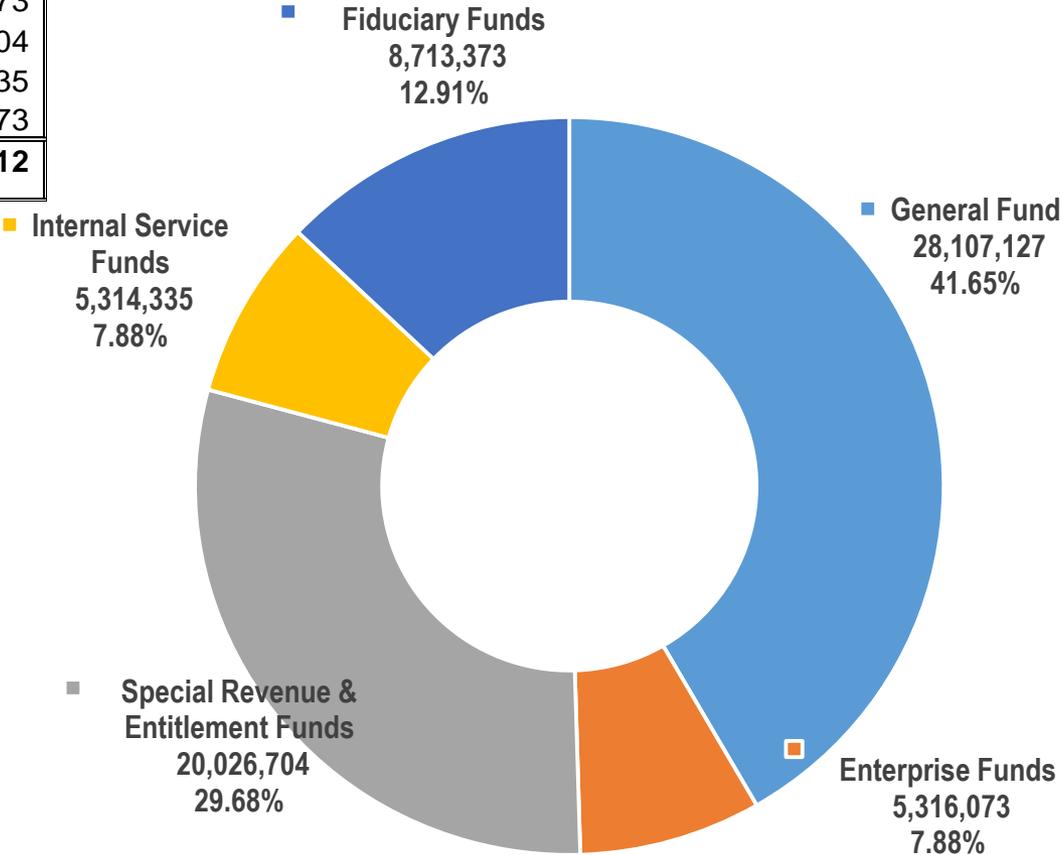
- **GF:** General Fund performing as expected
- **Special Fund Revenues:** FY 15/16 Budget versus FY 15/16 Projected reflect capital related items budgeted in Propositions C and Measure R not carried out during the current fiscal year; expectations are that they will occur in FY 16/17
- **Enterprise Funds:** In line with expectations
- **Fiduciary Funds:** Variance as a result of RPTTF shortfalls

	FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Y/E Projected	FY 16/ 17 Proposed
Revenues				
Direct GF Revenues	\$ 26,601	\$ 25,615	\$ 25,330	\$ 25,967
Special Revenue Funds	14,793	17,170	12,487	18,903
Internal Service Funds	4,228	4,768	4,768	5,314
Enterprise Funds	5,792	4,810	5,306	5,540
Fiduciary Funds	7,805	9,393	7,645	8,810
Transfers	870	870	870	1,060
Total	\$ 60,089	\$ 62,626	\$ 56,406	\$ 65,594

All Funds Expenditures

Summary of Funds

General Fund	28,107,127
Enterprise Funds	5,316,073
Special Revenue & Entitlement Funds	20,026,704
Internal Service Funds	5,314,335
Fiduciary Funds	8,713,373
	\$ 67,477,612



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External factors affecting all funds

- Multiple changes affecting all funds (primarily salaries) have increased by \$1.0 million

Contributing Changes	FY 15/16 Budget	FY 16/17 Proposed	Variance
Salary	13,147,703	13,337,576	189,873
Medicare	186,820	190,189	3,369
CalPERS	3,045,733	3,442,536	396,803
PARS	303,753	396,606	92,853
Life / AD&D / Health Wellness	114,076	114,268	192
Medical	2,123,208	2,174,387	51,179
Dental / Vision	159,186	155,004	(4,182)
Cell Phone Allowance	6,480	7,920	1,440
Uniform Rental	5,270	4,340	(930)
	\$ 19,092,229	\$ 19,822,826	\$ 730,597

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Special Revenue Funds

*Propositions A & C, Measure R, Gas Tax,
AQMD, CDBG*

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Local Return - Prop A: Local Transit Service & Programs (Operations only)

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PROPOSITION A: REVENUES

	FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Year-End Projected	FY 16/17 Proposed
Local Return Sales Tax / Prop A	\$1,036,782	\$1,065,997	\$1,050,000	\$1,086,732
Local Return Sales Tax / MTA Bus Passes	32,588	26,500	28,000	32,588
Transit / Dial-A-Ride Fares	27,756	20,000	20,000	27,756
Transit / Fixed Route Fares	69,297	80,000	60,000	69,297
Transit / National Transit Database	95,922	27,000	80,000	90,000
Miscellaneous Revenues / Interest Income	1,037	1,500	1,000	1,037
Miscellaneous / Miscellaneous Income	175			175
Total Revenues	\$1,263,557	\$1,220,997	\$1,239,000	\$1,307,585

EXPENSES

Salaries & Benefits	\$ 139,033	\$ 107,000	\$ 85,000	\$ 91,000
Operating Costs	1,240,187	1,086,000	1,086,000	1,142,414
Capital Improvements	-	-	-	-
Total Expenses	\$1,379,220	\$1,193,000	\$1,171,000	\$1,233,414

NET INCOME	\$ (115,663)	\$ 27,997	\$ 49,000	\$ 74,171
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Local Return: Prop C: Local Transit and transportation Improvements (Operations & Capital)

	FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Year-End Projected	FY 16/17 Proposed
PROPOSITION C: REVENUES				
Local Return Sales Tax / Prop C	\$ 865,402	\$ 884,217	\$ 880,000	\$ 901,415
Transit / Fixed Route Fares		1,000		
MTA Pacific Blvd. Grant		2,700,000		2,313,319
Miscellaneous Revenues / Interest Income	740	1,000	1,500	740
Miscellaneous / Maint Reimbursements				100,000
Total Revenues	\$ 866,142	\$3,586,217	\$ 881,500	\$3,315,474
EXPENSES				
Salaries & Benefits	\$ 143,752	\$ 271,000	\$ 190,000	\$ 307,072
Operating Costs	380,454	586,000	420,000	299,103
Capital Improvements	25,000	2,000,000	180,000	2,700,000
Total Expenses	\$ 549,207	\$2,857,000	\$ 790,000	\$3,306,175
NET INCOME	\$ 316,935	\$ 729,217	\$ 91,500	\$ 9,299

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Local Return - Measure R: Capital project-focused on non-motorized transportation (Operations & Capital)

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	FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Year-End Projected	FY 16/17 Proposed
MEASURE R: REVENUES				
State / State Street Bike Lane		\$ 22,000		\$ 22,000
State / Randolph Street Rails to Trails		400,000		400,000
State / SRTS Middleton		224,000		224,000
State / CicLAvia		598,515		
Local return/sales tax Measure R	645,132	663,171	690,000	676,012
Miscellaneous Revenues / Interest Income	2,308	1,000	2,500	2,308
Total Revenues	\$ 647,440	\$ 1,262,686	\$ 692,500	\$1,324,320
EXPENSES				
Salaries & Benefits	\$ 13,898	\$ 54,000	\$ 25,000	\$ 82,598
Operating Cost	513,598	697,000	260,000	278,493
Capital Improvements	134,789	578,000	-	949,000
Total Expenses	\$ 662,285	\$ 1,329,000	\$ 285,000	\$1,310,091
NET INCOME	\$ (14,845)	\$ (66,314)	\$ 407,500	\$ 14,229

**Our understanding is that the City will not receive reimbursement until approximately 12 months post submission*

Gas Tax funds are intended to be centered around local roadway, repairs and improvements

Funds currently being used to subsidize operating costs as opposed to its intended capital projects use

Expectation is that operating costs limited in the range of 15 – 25% of total project costs

This is an audit and general fund problem that must be resolved ASAP

GAS TAX: REVENUES

Gas Tax / Fund 2105
 Gas Tax / Fund 2106
 Gas Tax / Fund 2107
 Gas Tax / Fund 2107.5
 State / Traffic Congestion Relief
 State / Prop 42
 Miscellaneous Revenues / Interest
 Income
 Total Revenues

EXPENSES

Salaries & Benefits
 Operating Cost
 Capital Improvements
 Total Expenses

	FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Year-End Projected	FY 16/17 Proposed
	\$ 380,781	\$ 370,954	\$ 325,000	\$ 370,443
	230,357	196,049	195,000	185,616
	489,451	507,163	420,000	514,419
	15,000	7,500	7,500	7,500
	662,346		200,246	
		294,101		139,894
	4,757		4,462	4,757
	\$1,782,692	\$ 1,375,767	\$1,152,209	\$1,222,629
	\$ 935,111	\$ 1,272,000	\$1,025,000	\$1,191,213
	524,493	1,426,000	750,000	829,807
	105,552		50,000	100,000
	\$1,565,156	\$ 2,698,000	\$1,825,000	\$2,121,020
NET INCOME	\$ 217,536	\$(1,322,233)	\$ (672,791)	\$ (898,391)

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AQMD: Centered on vehicle emission reductions. Pacific Blvd. projects improve pedestrian connections to transit

- Traditionally used for vehicle purchases, decision made to leverage \$330k related to Pacific Boulevard enhancements
- Intentional decision regarding use of a portion of fund balance

	FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Year-End Projected	FY 16/17 Proposed
AQMD: REVENUES				
AQMD Air Quality / AB2766	\$ 73,243	\$ 73,000	\$ 73,300	\$ 73,000
Miscellaneous Revenues / Interest Income	847	1,000	\$ 6,500	314,700
Total Revenues	\$ 74,090	\$ 74,000	\$ 79,800	\$ 387,700
EXPENSES				
Salaries & Benefits				
Operating Cost	23,132	267,000	60,000	57,700
Capital Improvements	-	-	-	330,000
Total Expenses	\$ 23,132	\$ 267,000	\$ 60,000	\$ 387,700
NET INCOME	\$ 50,959	\$ (193,000)	\$ 19,800	\$ -

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CDBG: Economic development, public improvements & social services to benefit low & moderate income residents

- *This is the second year of the five-year consolidated plan; programs will continue as outlined within the plan*

	FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Year-End Projected	FY 16/17 Proposed
CDBG: REVENUES				
Federal / HCDA	\$1,157,302	\$ 1,260,948	\$ 705,000	\$2,391,791
Federal / Home Loan Payment-CR	16,010	1,900	1,700	
Total Revenues	\$1,173,312	\$ 1,262,848	\$ 706,700	\$2,391,791
EXPENSES				
Salaries & Benefits	\$ 460,291	\$ 509,000	\$ 345,000	\$ 525,766
Operating Cost	1,013,862	799,000	250,000	1,034,029
Capital Improvements	-	250,000	100,000	830,000
Total Expenses	\$1,474,153	\$ 1,558,000	\$ 695,000	\$2,389,795
NET INCOME	\$ (300,841)	\$ (295,152)	\$ 11,700	\$ 1,996

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Fiduciary Funds

Successor Agency

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Fiduciary Funds: The City serves as trustee for assets held on behalf of the Successor Agency

- Revenues reflected for FY 16/17 represent amounts estimated from prior redevelopment property tax trust fund (RPTTF) receipts
- Funds not guaranteed, nor are likely to materialize given recent history with County receipts (\$2.5 million shortfall as of the last RPTTF distribution)
- County expectations that City use \$1.1 million pension tax restored under SB 107

FIDUCIARY FUND: REVENUES

Successor Agency
Total Revenues

FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Year-End Projected	FY 16/17 Proposed
\$7,119,893	\$ 9,392,836	\$ 7,285,980	\$8,809,690
\$7,119,893	\$ 9,392,836	\$ 7,285,980	\$8,809,690

EXPENSES

Salaries & Benefits
Debt Service
Operating Cost
Total Expenses

			\$ 60,069
6,585,248	8,338,276	9,216,241	\$8,516,451
419,735	415,189	566,479	136,853
\$7,004,983	\$ 8,753,465	\$ 9,782,720	\$8,713,373

NET INCOME

\$ 114,910	\$ 639,371	\$ (2,496,740)	\$ 96,317
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Enterprise Funds

Water & Sewer

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Water: With conservation restrictions lifted, there may be some pick up in revenues with increased water sales

- *Water fund has suffered net income losses for two sequential years amidst demands for state mandated improvements*
- *Recommend any excess income be earmarked for mandated improvements*

	FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Year-End Projected	FY 16/17 Proposed
WATER: REVENUES				
Total Revenues	\$ 5,875,884	\$ 4,534,100	\$ 5,000,000	\$5,264,000
EXPENSES				
Salaries & Benefits	\$ 294,252	\$ 424,678	\$ 320,484	\$ 447,520
Operating Cost	5,543,961	5,119,432	5,100,000	4,593,652
Capital Improvements				
Total Expenses	\$ 5,838,213	\$ 5,544,110	\$ 5,420,484	\$5,041,172
NET INCOME	\$ 37,671	\$(1,010,010)	\$ (420,484)	\$ 222,828

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Enterprise Funds – Sewer:

- *Sewer infrastructure requires capital investment and corresponding revenue adjustments*

	FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Year-End Projected	FY 16/17 Proposed
SEWER: REVENUES				
Sewer Income	\$ 327,253	\$ 275,000	\$ 305,000	\$ 275,000
Interest	1,537	1,000	1,300	1,000
Total Revenues	\$ 328,790	\$ 276,000	\$ 306,300	\$ 276,000
EXPENSES				
Salaries & Benefits	\$ 11,972	\$ 29,600	\$ 10,000	\$ 37,554
Operating Cost	320,099	265,892	240,000	237,347
Capital Improvements				
Total Expenses	\$ 332,071	\$ 295,492	\$ 250,000	\$ 274,901
NET INCOME	\$ (3,281)	\$ (19,492)	\$ 56,300	\$ 1,099

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General Fund

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FY 16/17 GF is balanced helped by an uptick in revenues and 95% spending limitations in most departments

- The City's general fund is balanced **without** the use of reserves, a modest increase in revenues, and across-the-board expenditure reductions
- This is the first step towards financial stability

	FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Year-End Projected	FY 16/17 Proposed
TOTAL GENERAL FUND REVENUES	\$ 25,128,857	\$ 25,647,475	\$ 26,197,651	\$ 27,027,197
TOTAL GENERAL FUND EXPENDITURES	27,101,475	26,757,788	26,231,359	28,107,127
SURPLUS/(DEFICIT)	\$ (1,972,618)	\$ (1,110,313)	\$ (33,708)	\$ (1,079,930)
SPENDING CURB - MAXIMUM 95% of PROPOSED*				\$ 1,136,770
TRANSFER TO RESERVES				\$ 56,840

*Excluding City Clerk, City Council, Commissions, Human Resources, Non-Departmental and excluding departments' share of CalPERS unfunded liability.

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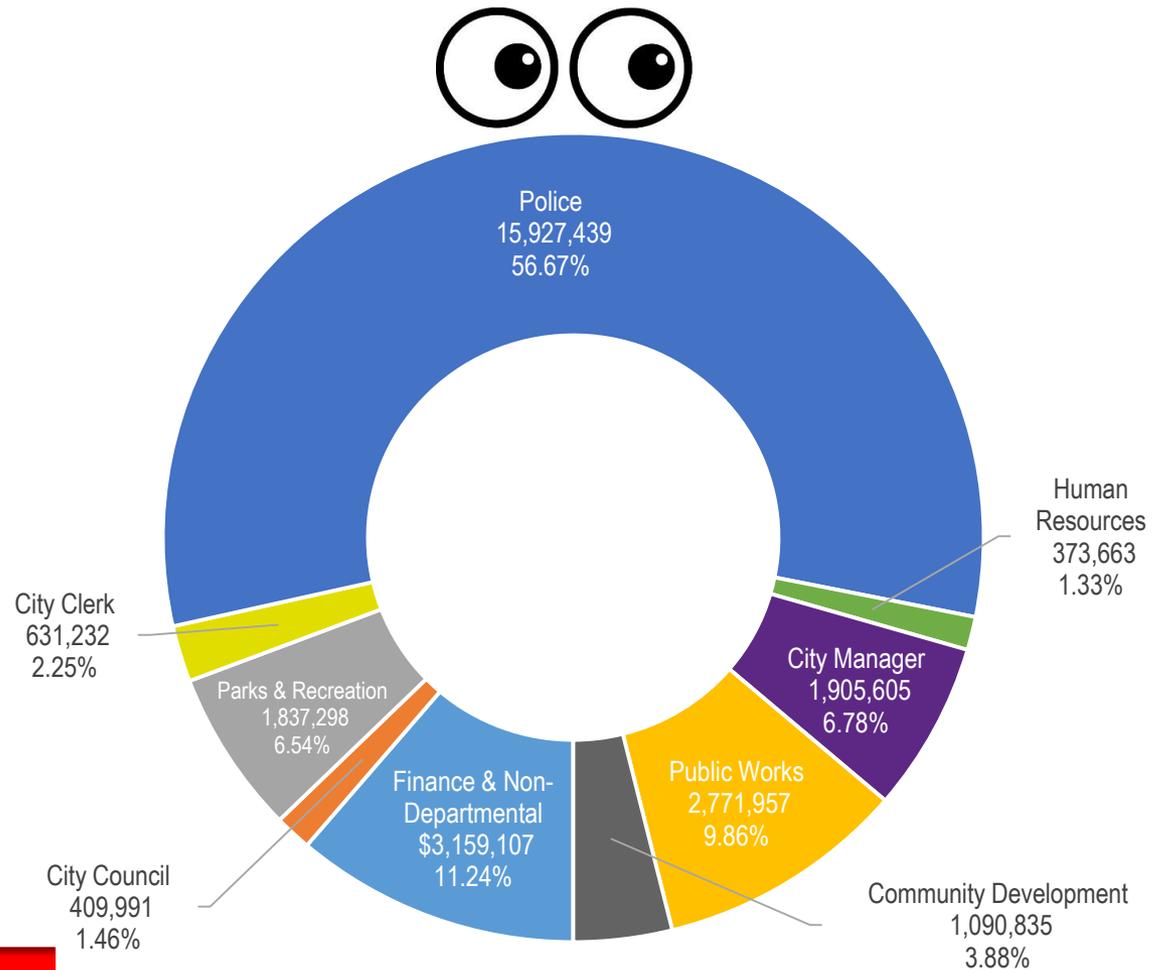
GF Revenues expected to close out FY 15/16 better than expected. Modest increase reflected across FY 16/17

	FY 14/15 Actual	FY 15/16 Budget	FY 15/16 Year-End Projected	FY 16/17 Proposed
GENERAL FUND DIRECT REVENUES				
Property Tax	\$ 6,168,800	\$ 6,195,734	\$ 6,472,000	\$ 6,541,370
Sales Tax	5,848,500	6,437,283	6,605,622	6,750,000
Utility Users' Tax (UUT)	5,500,000	5,842,027	6,000,000	6,250,000
Fines & Forfeitures	800,000	1,054,947	1,128,000	1,224,000
Transient Occupancy Tax (TOT)	46,000	49,875	68,500	68,500
Licenses and Permits	1,669,000	1,627,382	1,660,154	1,563,285
Charges for Services	1,083,550	1,357,707	1,302,241	1,327,992
Fines & Forfeitures	1,876,078	1,451,058	1,380,500	1,711,600
Interest & Rental Income	181,000	188,323	92,775	97,775
Reimbursements	204,000	371,065	317,023	255,067
Other	881,929	202,074	300,747	177,608
Total Direct Revenues	\$ 24,258,857	\$ 24,777,475	\$ 25,327,561	\$ 25,967,197
TRANSFERS				
Workers Comp / Pension Tax	500,000	500,000	500,000	500,000
Water	220,000	220,000	220,000	260,000
Parking System	150,000	150,000	150,000	300,000
Total Transfers In	\$ 870,000	\$ 870,000	\$ 870,000	\$ 1,060,000
TOTAL GF REVENUES	\$ 25,128,857	\$ 25,647,475	\$ 26,197,561	\$ 27,027,197

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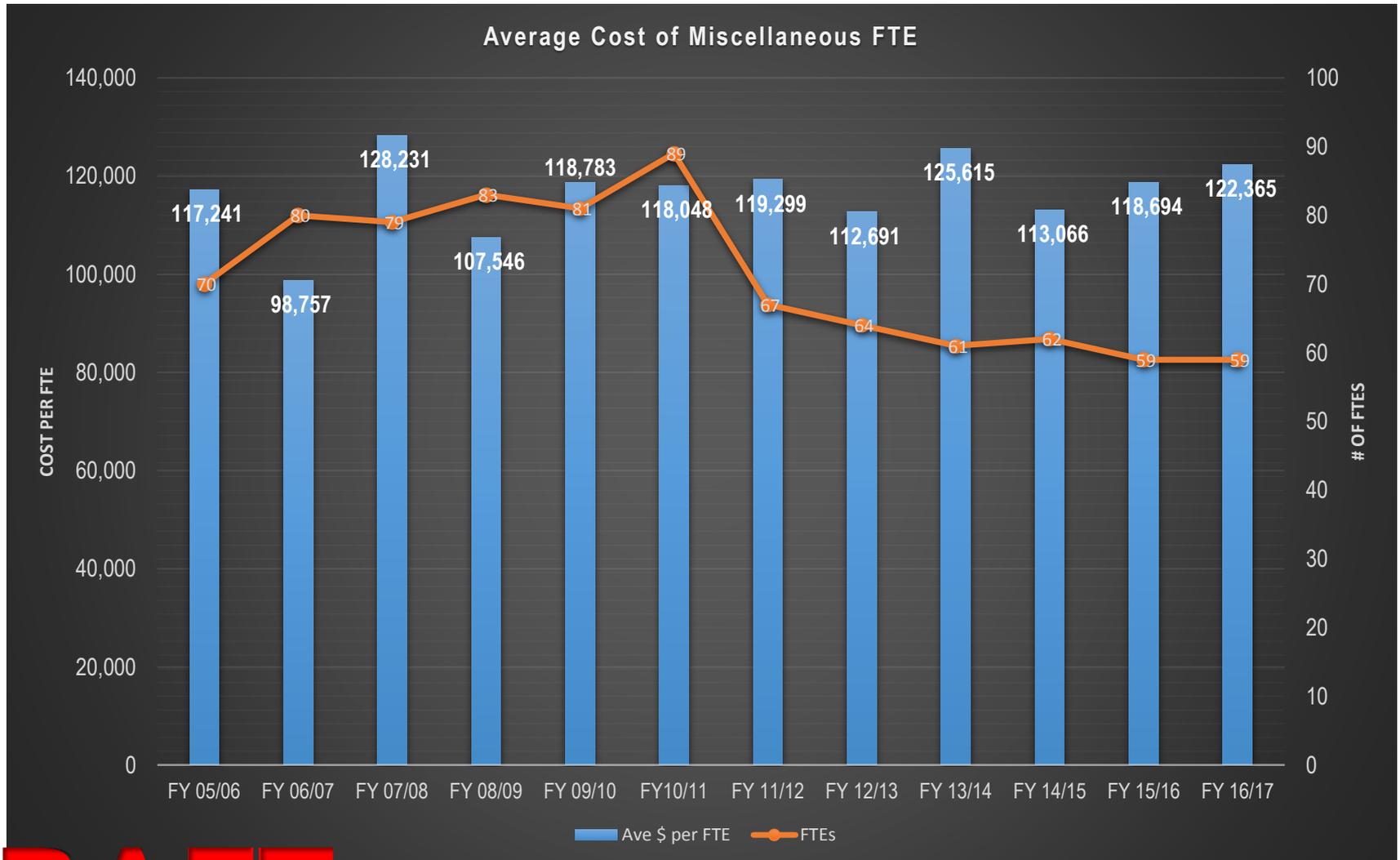
City's operating budget: Operating budget for FY 16/17: \$28,107,207

- The budget provides legal authority to commit financial resources
- In FY 16/17, most departments are limited to 95% of total operating budget
- Spending curb amount: \$1.137 million
- Exempt: City Clerk, City Council, Commissions and Human Resources



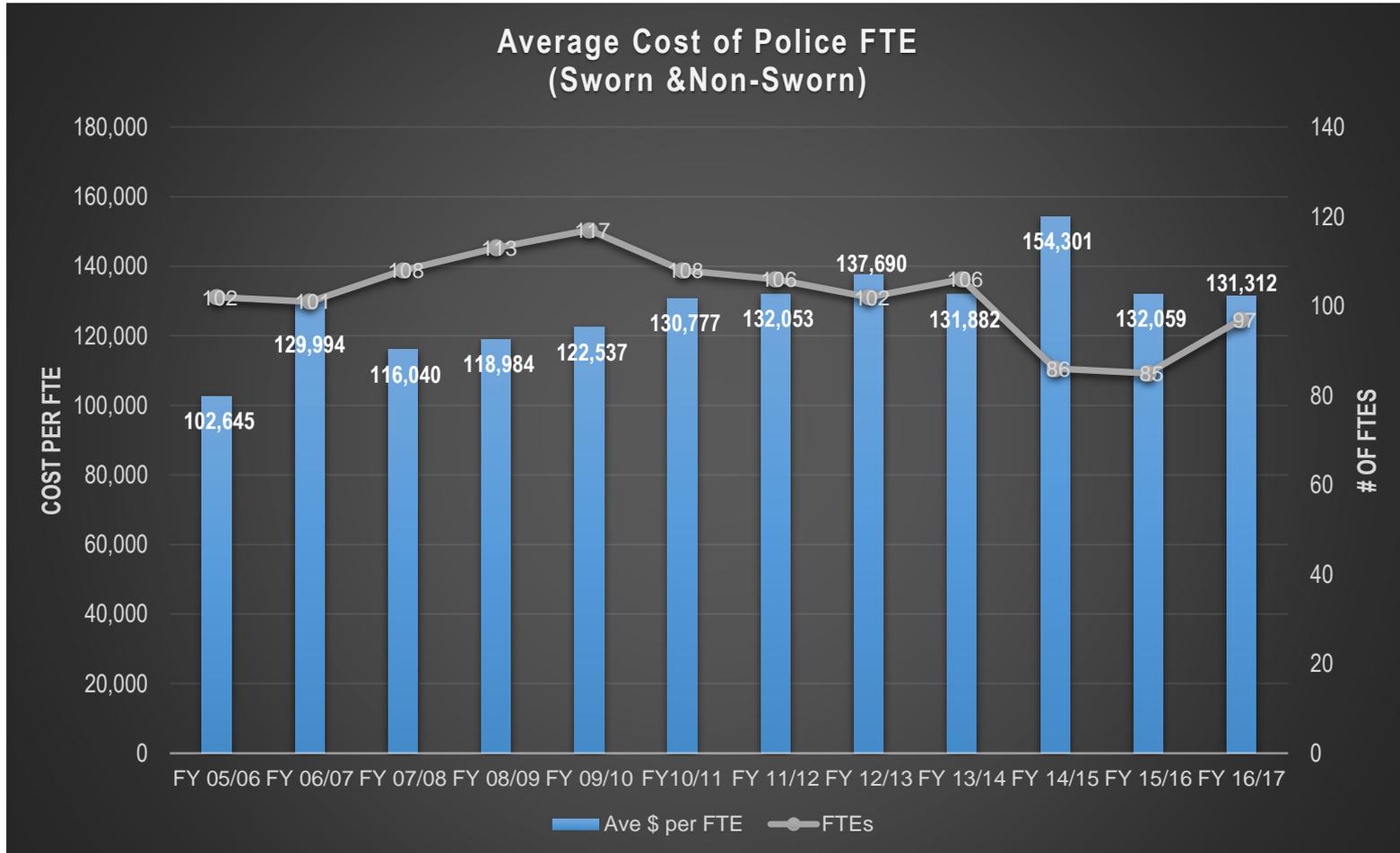
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Data represents average cost of miscellaneous employee; this group makes up 44% of the City's salary dollars



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Data represents cost of sworn. Public safety makes up the 56% of the City's salary dollars



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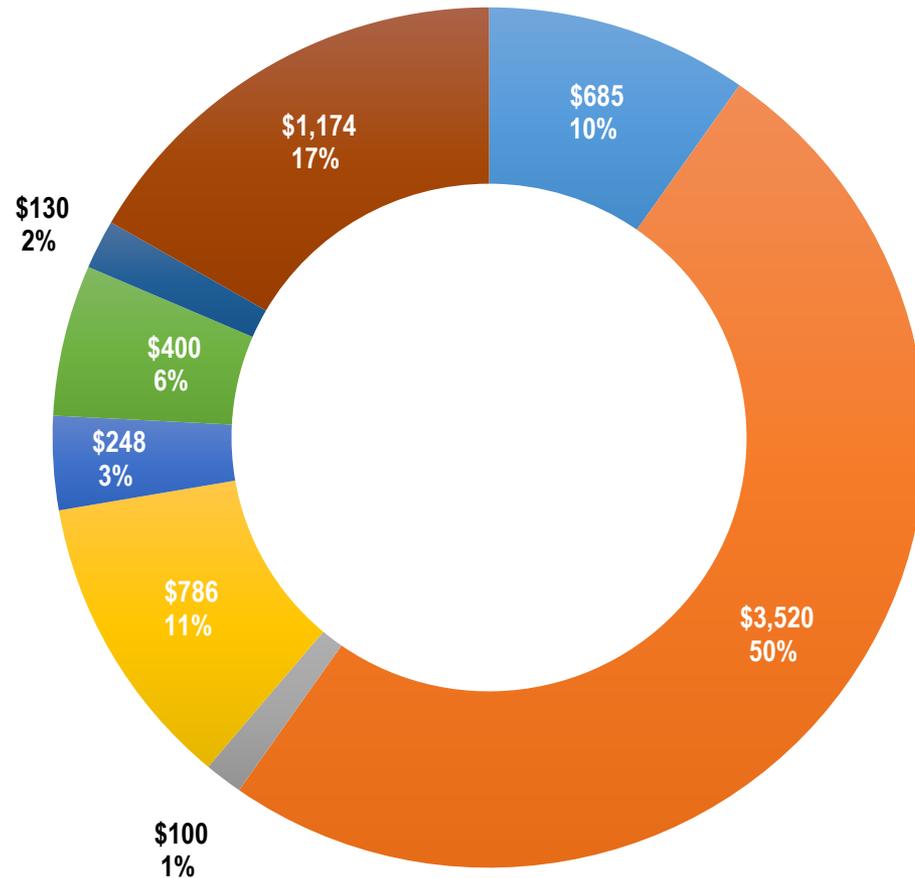
Capital Funding

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The \$7.5 million capital investment demonstrates City's commitment to reinvestment

- Considerable resources allocated to projects within the community
- Execution and delivery in FY 16/17 critical to credibility and community good will
- Allocation of critical resources without execution represents an opportunity cost

Capital Outlay Summary
(000s)



- Salt Lake Park Splash Pad
- Pacific Boulevard
- Florence Avenue Resurfacing
- Affordable Housing Improvements
- Safe Routes to School
- Randolph Street Rails-to-Trails
- City Hall Upgrades
- Other

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Capital funding sources are diversified across special revenue funds

FUND	CAPITAL PROJECT	AMOUNT
111	General	\$ 130,000
114	Special Events Contribution	50,000
220	Prop C	2,700,000
221	State Gasoline Tax	142,500
222	Measure R	924,000
226	AQMD	330,000
229	Police Forfeiture	150,000
239	CDBG	830,000
242	HOME	789,046
246	Lead Base Paint	505,151
251	Land & Water Conservation	325,000
334	Ped/Bike Path	70,000
535	Street Light & Landscape Assessment	100,000
	Total Capital Outlay	\$ 7,045,697

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Conclusion

Budget balanced ***without*** any service cuts to community

Budget reflects achievable spending with the full ***participation of stakeholders***

Budget begins linkage of resource allocation with City Council priorities

Seek efficiencies and/or revenue enhancements by undertaking analyses related to

- Jail, parking enforcement, employee benefits

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